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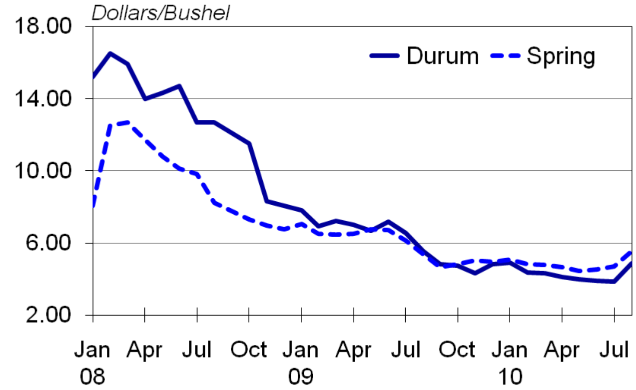
AGRICULTURAL PRICES

North Dakota The Index of Prices Received for All Farm Products in August is 172 percent of the 1990-1992 base. This is up 3 percent from last year but 27 percent below two years ago. The All Crops Index, at 184 percent of the base, is up 1 percent from August 2009 and the All Livestock and Products Index, at 115 percent, is up 14 percent from last year. August indexes are calculated using preliminary mid-month prices.

Durum & Spring Wheat: Prices Received North Dakota, January 2008-August 2010



Prices Received by Farmers
North Dakota and United States, August 2010

Item	Unit	North Dakota: Entire Month: August 2009	North Dakota: Entire Month: July 2010	North Dakota: Preliminary: August 2010	United States: Entire Month: August 2009	United States: Entire Month: July 2010	United States: Preliminary: August 2010	Effective U.S. Parity Price August 2010
		Dollars	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*
Wheat, All	*Bu*	5.07	4.52	5.40	4.85	4.50	5.56	14.50
Durum	*Bu*	5.53	3.84	4.85	5.83	4.44	5.01	NA
Spring	*Bu*	5.38	4.71	5.55	5.54	4.73	5.54	NA
Winter	*Bu*	4.13	3.90	4.60	4.67	4.47	5.60	NA
Corn	*Bu*	2.96	3.12	3.20	3.33	3.49	3.65	9.03
Oats	*Bu*	2.05	1.84	[1]	1.86	2.10	2.07	5.92
Barley, All	*Bu*	3.72	3.41	3.29	5.17	3.75	3.56	10.10
Feed	*Bu*	1.85	2.02	2.05	2.49	2.50	2.71	NA
Malting	*Bu*	4.09	3.85	3.70	5.47	4.13	3.76	NA
Sunflower, All	*Cwt*	21.20	15.50	17.00	20.60	15.40	16.50	44.90
Oil	*Cwt*	15.30	14.40	NA	NA	NA	NA	NA
Non-oil	*Cwt*	34.30	23.40	NA	NA	NA	NA	NA
Baled Hay, All [2]	*Ton*	66.00	56.00	56.00	104.00	112.00	111.00	NA
Alfalfa [2]	*Ton*	72.00	59.00	61.00	109.00	117.00	116.00	NA
Other [2]	*Ton*	49.00	44.00	44.00	94.40	97.30	96.10	NA
Canola	*Cwt*	16.60	17.50	18.10	16.70	17.50	18.10	39.60
Flaxseed	*Bu*	8.14	10.70	11.80	8.14	10.70	11.80	23.60
Soybeans	*Bu*	10.10	9.27	9.55	10.80	9.79	10.10	22.20
Dry Edible Beans, All	*Cwt*	29.90	22.40	20.50	32.00	25.90	27.50	69.90
Navy	*Cwt*	28.10	[1]	NA	NA	NA	NA	NA
Pinto	*Cwt*	29.80	22.10	NA	NA	NA	NA	NA
Potatoes, All	*Cwt*	[3]	[1]	[3]	9.61	8.83	9.16	20.20
Fresh [4]	*Cwt*	[3]	[3]	NA	14.66	9.60	NA	NA
Processing	*Cwt*	[3]	[1]	NA	6.93	8.01	NA	NA
Beef Cattle	*Cwt*	72.70	71.90	83.80	80.40	91.60	93.20	248.00
Steers & Heifers	*Cwt*	86.00	95.00	99.00	85.10	95.90	97.70	NA
Cows	*Cwt*	49.00	62.00	61.00	45.50	59.00	58.20	NA
Calves	*Cwt*	98.00	119.00	121.00	108.00	120.00	120.00	350.00
Sheep	*Cwt*	26.00	36.00	NA	31.30	43.80	NA	106.00
Lambs	*Cwt*	98.00	135.00	NA	97.10	123.00	NA	279.00
Hogs	*Cwt*	36.00	58.80	NA	37.30	58.50	61.30	135.00

NA=Not applicable. [1] Price not published to avoid disclosure of individual firms. [2] Alfalfa, other and all hay are mid-month prices only. [3] Insufficient sales to establish a price. [4] Fresh market prices only, includes table stock.

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AGRICULTURAL PRICES (Continued)

United States
The August All Farm Products Index is 145 percent of its 1990-1992 base, up 2 percent from the July index and 15 percent above the August 2009 index. The All Crops Index is 155, up 3 percent from July and 6 percent above August 2009. The Livestock and Products Index, at 133, is 1 percent above last month and up 22 percent from August 2009.

Index Numbers of Farm Prices
North Dakota and United States, August 2010

Indexes and Ratios	North Dakota			United States		
	Aug 2009	July 2010	Aug 2010	Aug 2009	July 2010	Aug 2010
Prices Received	*(1990-92 = 100)*					
All Farm Products	167	147	172	126	142	145
Crops	183	155	184	146	150	155
Food Grains	193	160	205	169	153	186
Feed Grains & Hay	196	150	177	148	151	157
Oil Bearing Crops [1]	184	169	193	192	174	179
Potatoes & Dry Beans [2]	150	120	140	165	149	156
Livestock and Products	101	114	115	109	132	133
Meat Animals	98	113	115	104	125	128
Dairy Products	104	107	104	93	123	127
Other Livestock Products [3]	126	125	125	132	153	149
Prices Paid	NA	NA	NA	177	182	182
Ratio [4]	NA	NA	NA	71	78	80

NA=Not applicable. [1] Includes non-oil sunflower. [2] North Dakota includes lentils, dry peas and sugarbeets. [3] United States excludes wool. [4] Ratio of Index of Prices Received to Index of Prices Paid.

AMBER WAVES

U.S. Farm Structure: Declining - But Persistent - Small Commercial Farms

U.S. farm production is shifting to larger operations, while the number of small commercial farms and their share of farm sales continue a slow, long-term decline. Larger farms have a competitive advantage over smaller farms in most commodities because the average cost of production per unit declines as the size of the operation grows (referred to as economies of size). In addition, many of the operators of small commercial farms are at least 65 years old and are leaving farming as they grow older.

Nevertheless, some small commercial farms are profitable, and the operators of many of the others are willing to place a low value on their labor, accept losses, and rely on off-farm income. Thus, the shift of production to larger farms will continue to be gradual, and substantial numbers of small commercial farms will remain in business.

What's Behind the Shift to Larger Farms?

The shift in production to very large farms partly reflects technological advancements in farming. Production of fed cattle, hogs, poultry, and milk, for example, moved into climate-controlled buildings, which reduced the impact of weather. Improvements in disease control, handling, transport, and nutrition increased the number of production cycles per year. These advancements helped standardize production, making it easier for livestock producers to operate on a large scale. Technological factors, such as the development of larger and faster equipment, information and Global Positioning System technologies, and more routine pest control through genetically modified seeds, expanded the crop acreage that producers could effectively control.

The high average age of operators also played a role in the decline of small commercial farms. Operators on small commercial farms with sales less than $100,000 in 1991 were more likely to be at least 65 years old than the operators of larger farms. As these older operators continued to age after 1991, some left farming and were not replaced by younger operators, since their farms were generally not profitable. As a result, the share of small commercial farms with gross cash farm income under $100,000 operated by someone over age 65 rose from 28 percent in 1991 to 35 percent in 2007.

Off-Farm Income Is Critical to Households Operating Small Commercial Farms

Despite the large share of small commercial farms with negative operating profits, households running these farms do not generally experience low income because they have off-farm income. On well over half of small commercial farms, the operator and/or spouse work off the farm. For older operators, income from Social Security, pensions, and investments are also important. Median farm income does not become positive until gross cash farm income exceeds $50,000. Even for farms in the upper size range of small commercial farms, off-farm income contributes about as much as farm earnings to total household income.

The median income of households operating small commercial farms compared favorably with the $47,300 median of all U.S. households in 2007. Households operating farms at the upper end of the small commercial scale have a higher median income ($68,600). Their income is closer to the median for U.S. households with a self-employed head ($75,700) than to that for all U.S. households.

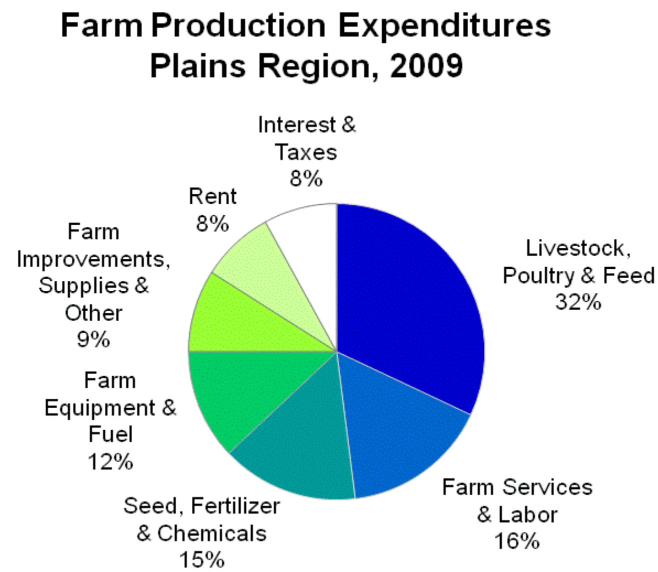
Source: *Amber Waves*, ERS-USDA, September 20

FARM PRODUCTION EXPENDITURES

Plains Region

Farm production expenditures for the Plains Region totaled $68.0 billion in 2009 down 8.4 percent from 2008. The Plains Region includes Kansas, Nebraska, North Dakota, Oklahoma, South Dakota and Texas. Livestock, poultry and related expenses, which was the largest expenditure in the Plains, decreased 13.9 percent. Increases in expenditures were reported in feed and taxes. All other expenditures remained unchanged or decreased from 2008. The largest decrease in expenditures for the Plains operations was fuels, down 25.7 percent from 2008. Nationally, farm production expenditures decreased 6.4 percent from the revised 2008 total.

Livestock, poultry and related expenses accounted for 16.9 percent of the Plains total production expenses, while feed, farm services and rent accounted for 15.7, 11.2 and 8.1 percent, respectively. The farm services category includes items such as crop custom work, veterinary custom services, transportation costs, marketing charges, insurance, leasing of machinery and equipment, general and miscellaneous business expenses and utilities.



Farm Production Expenditures: Plains and United States, 2008-2009

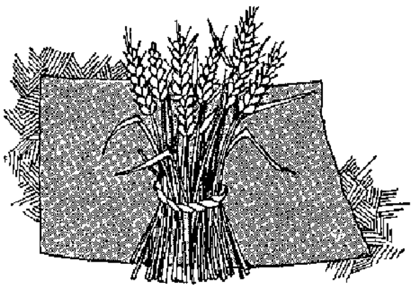
Expenditure-Farm Share	Plains (KS, NE, ND, OK, SD AND TX)					United States [1]				
	Average Per Farm [2]		Total Expenditures			Average Per Farm [2]		Total Expenditures		
	2008	2009	2008	2009	2009 % of Total	2008	2009	2008	2009	2009 % of Total
	Dollars	*Dollars*	*Mil Dollars*	*Mil Dollars*	*Pct*	*Dollars*	*Dollars*	*Mil Dollars*	*Mil Dollars*	*Pct*
Total Farm Production Expenditures [3]	145,405	133,242	74,200	67,980	100	140,075	131,137	307,020	287,400	100
Livestock, Poultry & Related Expenses [4]	26,102	22,481	13,320	11,470	16.9	12,912	11,818	28,300	25,900	9.0
Feed	19,929	20,894	10,170	10,660	15.7	21,398	20,533	46,900	45,000	15.7
Farm Services [5]	16,069	14,955	8,200	7,630	11.2	17,337	16,609	38,000	36,400	12.7
Rent [6]	10,837	10,819	5,530	5,520	8.1	10,220	10,312	22,400	22,600	7.9
Agricultural Chemicals [7]	5,271	4,665	2,690	2,380	3.5	5,338	5,247	11,700	11,500	4.0
Fertilizer, Lime & Soil Conditioners [7]	10,719	9,114	5,470	4,650	6.8	10,265	9,171	22,500	20,100	7.0
Interest	5,252	4,900	2,680	2,500	3.7	5,475	5,019	12,000	11,000	3.8
Taxes (Real Estate & Property)	5,252	5,429	2,680	2,770	4.1	4,882	4,745	10,700	10,400	3.6
Labor	7,760	6,703	3,960	3,420	5.0	13,550	13,141	29,700	28,800	10.0
Fuels	7,995	5,939	4,080	3,030	4.5	7,300	5,658	16,000	12,400	4.3
Farm Supplies & Repairs [8]	6,447	6,390	3,290	3,260	4.8	7,254	7,072	15,900	15,500	5.4
Farm Improvements & Construction [9]	6,212	5,253	3,170	2,680	3.9	7,209	6,434	15,800	14,100	4.9
Tractors and Self-Propelled Farm Machinery	5,898	4,920	3,010	2,510	3.7	5,201	4,243	11,400	9,300	3.2
Other Farm Machinery	3,057	2,528	1,560	1,290	1.9	2,692	2,145	5,900	4,700	1.6
Seeds & Plants [10]	6,075	6,037	3,100	3,080	4.5	6,889	7,072	15,100	15,500	5.4
Trucks & Autos	2,450	2,136	1,250	1,090	1.6	2,053	1,825	4,500	4,000	1.4
Miscellaneous Capital Expenses	78	78	40	40	0.1	100	91	220	200	0.1

[1] Excludes AK and HI. [2] Total expenditures divided by total number of farms. [3] Includes landlord and contractor share of farm production expenses. Totals may not add due to rounding. [4] Includes purchases and leasing of livestock and poultry. [5] Includes all crop custom work, veterinary custom services, transportation costs, marketing charges, insurance, leasing of machinery and equipment, general and miscellaneous business expenses, and utilities. [6] Includes public and private grazing fees. [7] Includes material and application costs. [8] Includes bedding and litter, marketing containers, power farm shop equipment, oils and lubricants, miscellaneous non-capital equipment and supplies, repairs and maintenance of livestock and poultry equipment, and capital equipment for livestock and poultry. [9] Includes all expenditures related to new construction or repairs of buildings, fences, operator dwelling (if dwelling is owned by operation), and any improvements to physical structures of land. [10] Excludes bedding plants, nursery stock, seed purchased for resale, and includes seed treatment.

MARKETING YEAR AVERAGE PRICES

North Dakota

The 2009 marketing year average (MYA) prices of wheat, oats, barley and hay were lower than their 2008 MYA prices. Spring wheat decreased $2.29 from 2008 to $4.90 per bushel, and Durum wheat, at $4.75 per bushel, was down $4.29. All hay decreased $15.00 from 2008 to $64.50 per ton.



Small Grains and Hay: Marketing Year Average Prices
North Dakota and United States, 2008-2009

Item	Unit	North Dakota		United States	
		2008	2009	2008	2009
		Dollars per Unit	*Dollars per Unit*	*Dollars per Unit*	*Dollars per Unit*
Wheat, All	*Bu*	7.31	4.82	6.78	4.87
Spring	*Bu*	7.19	4.90	7.31	5.23
Durum	*Bu*	9.04	4.75	9.26	5.47
Winter	*Bu*	6.34	4.02	6.57	4.71
Rye [1]	*Bu*			6.32	4.93
Oats	*Bu*	2.70	1.97	3.15	2.02
Barley, All	*Bu*	5.18	3.85	5.37	4.66
Feed	*Bu*	3.99	2.07	3.82	2.61
Malting	*Bu*	5.43	4.24	5.71	5.02
Hay, All	*Tons*	79.50	64.50	152.00	108.00
Alfalfa	*Tons*	85.00	70.00	165.00	113.00
Other	*Tons*	61.00	49.00	118.00	97.30

[1] Published at U.S. level only.